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India

Oilseeds and Products

Quarterly Lock up Report: August 2008

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Report Highlights:

Area planted to oilseeds up to August 1, 2008 was marginally down; with most of the decline confined to peanuts. Total edible oil imports from October 2007 through June 2008 were up 6 percent at 3.6 million tons. The MY 2007/08 palm oil import estimate is revised up to a record 4.25 million tons, while the soy oil import estimate is revised down to 800,000 tons. The MY 2007/08 oilmeal export estimate is 5.5 million tons, up 25 percent over last year. MY 08/09 soy meal exports are forecast at a record level of 4.8 million tons, assuming no ban is placed on export trade.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Quarterly Report
New Delhi [IN1]
[IN]

Progress of Soybean and Peanut Planting

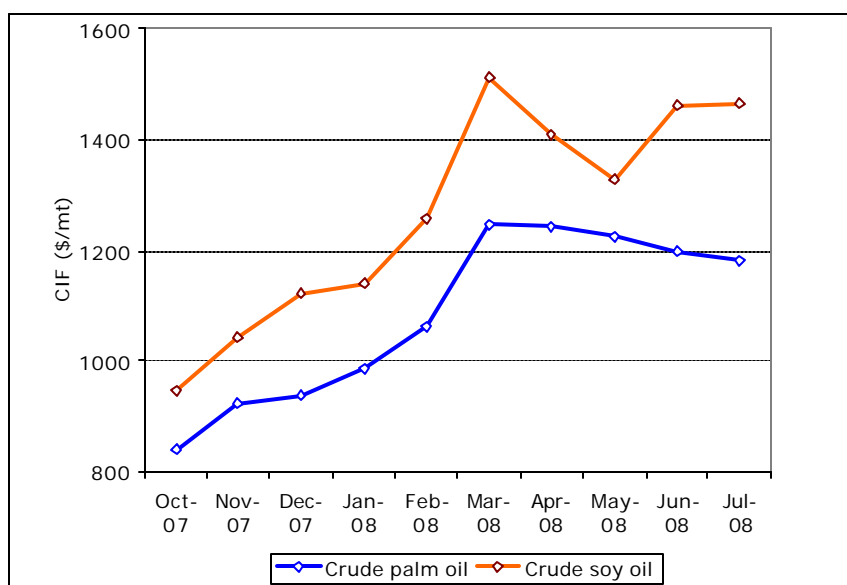
According to the Ministry of Agriculture's progressive planting report for the week ending August 1, area planted to oilseeds was 14.43 million hectares compared with 14.67 million hectares during the corresponding period of last year. Area planted to soybeans was up by 11 percent at 8.8 million hectares. Early monsoon rains led to timely sowing of soybean in Madhya Pradesh, Rajasthan and Chhattisgarh. Farmers in Maharashtra are reported to have shifted from cotton and sugarcane to soybeans while Andhra Pradesh and Karnataka also reported increased planting of soybean. The Post MY 2008/09 soybean acreage estimate is unchanged at 9.6 million hectares.

The latest planting report shows a decline in area sown to peanuts in Andhra Pradesh and Maharashtra. The total area under peanuts through August 1, 2008 was 4.1 million hectares compared to 4.4 million hectares during the corresponding period of last year. Good monsoon rains over Gujarat and Rajasthan have increased the area planted to peanuts which is likely to compensate for the decline in production due to lower planted area in other states. The Post MY 2008/09 peanut acreage forecast is unchanged at 6.8 million hectares.

Edible Oil Imports Up by 6 percent

MY 2008/09 edible oil imports are revised up to 5.4 million tons from the earlier estimate of 5.0 million tons to reflect higher imports of palm oil. Total edible oil imports during the first nine months (October 2007 to June 2008) were up 6 percent at 3.6 million tons as compared to the corresponding period of last year. From October 2007, the landed prices of crude palm and soy oil began to rise until on April 01, 2008 the government abolished the import duty on both crude palm and soy oils. Since December 2008, soy oil has been selling at a premium of more than \$150/mt over palm oil making palm the preferred oil for imports (Chart 1).

Chart 1: Landed price for Crude Palm Oil and Crude Soybean Oil, Oct 07 to July 08 (\$/metric ton)



During the period October 2007 to June 2008, palm oil constituted 87 percent of total edible oil imports, while the share of soy oil declined by half to just 13 percent (Table 1). Total edible oil imports were relatively low during April-May 2008, as importers slowed buying on

expectation of a further fall in prices. However, imports of RBD Palmolein were significantly higher in June 2008, largely on account of imports by public sector units on behalf of GOI. The imported oil by the GOI is primarily meant for the public distribution system catering to the below-poverty-line population.

The MY 2007/08 edible oil import forecast is unchanged at 5.1 million tons. However, the import forecast for palm oil is revised upwards to a record 4.25 million tons from an earlier estimate of 4.05 million tons. Despite forecast for record imports, India is second to China in terms of quantity of palm oil imported. The soy oil import estimate is revised down to 800,000 tons from the earlier estimate of 1 million tons to reflect a delay in soy oil imports due to farmer strikes in Argentina.

Table 1: Edible Oil Imports (October 2007-Jun 2008); (000' Metric tons)

	Oct-07	Nov-07	Dec-08	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Oct07-Jun08	Oct06-Jun07	% Change
RBD palm-olein	13	30	12	6	23	10	11	19	93	218	67	225
Crude palm oil	370	315	254	366	323	356	296	266	335	2,881	2,237	29
Crude palm olein	14	1	3	0	2	0	0	2	0	22	38	-42
Crude Palm kernel oil	1	2	0	2	2	1	1	0	3	10	11	-9
Total palm oil	397	347	270	374	349	366	309	287	430	3,129	2,353	33
Crude soybean oil	98	0	8	84	82	55	0	7	120	454	872	-48
Refined soybean oil	2	0	0	0	0	0	0	0	0	2	7	-71
Total soybean oil	100	0	8	84	82	55	0	7	120	456	879	-48
Crude sunflower oil	2	0	0	0	0	0	0	0	0	2	151	-98
Refined sunflower oil	0	0	0	0	0	0	0	0	0	0	0	0
Total sunflower oil	2	0	0	0	0	0	0	0	0	2	151	-98
Coconut oil	2	0	0	0	0	0	1	8	0	11	3	267
Grand Total	501	347	278	458	431	422	310	302	550	3,599	3,386	6

Source: Solvent Extractors' Association of India

Policy Development

Several state governments imposed stock limits on storage of edible oils by traders and refiners as a measure to contain soaring prices. Consequently, traders and refiners could not hold inventory for more than a month. Even imported oils are under the purview of the GOI's stock limit order once they are handed over to refiners/traders. The GOI eliminated the import duty on crude oils and lowered the import duty on refined oils to 7.5 percent duty with effect from April 01, 2008. The vegetable oil reference price has not been revised since December 2006 (IN 8047).

On July 17, 2008, the GOI formally launched the subsidized program of public distribution of edible oils. The program intends to distribute one million tons of imported edible oils in 2008-09, through state governments involving a subsidy of Rs 15 billion (\$353 million). The subsidized program is likely to have a moderating impact on domestic prices of edible oils. State trading enterprises such as PEC, MMTC, STC, and NAFED¹ have been entrusted with the job of refining, packing and distribution of subsidized oils to states. According to market sources, over 200,000 tons of edible oils have been contracted for importation, of which more than 100,000 tons have already arrived at Indian ports. Of the 100,000 tons of imported oil, 45 percent is RBD palm olein, 18 percent is crude palm oil and 37 percent is crude degummed soybean oil.

Oilmeal Exports up by 23 percent

Oilmeal exports from October 2007 through June 2008 are estimated at a record 5.4 million tons, up by 23 percent over the corresponding period of last year. Peanut and soy meal exports were also higher by 77 and 36 percent respectively due the competitive pricing of Indian meal. Post has revised up the MY 2008/09 soy meal exports forecast from 4.5 million tons to 4.8 million tons assuming no ban is placed on exports of soy meal and prices stay competitive in international markets. The export price of soy meal in June 2008 was \$432/mt (FOB, Indian port) compared to \$270/mt in June 2007; similarly peanut meal was \$345/mt against \$220/mt in June 2007. Exports of rapeseed meal registered a marginal decline (Table 2). Factors that significantly contributed to larger exports were reduced supplies from Argentina due to the farmers strike, India's relative freight advantage over Latin America, and ready availability of consignments in smaller lots. Backed by good domestic production and higher crushing of soybeans, soy meal exports also enjoyed the benefit of an export subsidy equivalent to 5 percent of the FOB value of exports (see policy section). Appreciation of the U.S. dollar over the Indian currency (rupee) is also aiding India's exports. During last year, the value of U.S. dollar appreciated by 5 percent over the Indian currency.

Table 2: Oilmeal Exports (October 2007 – June 2008); (Metric tons)

	Soybean meal	Rapeseed meal	Peanut meal	Rice bran meal	Sunflower meal	Castor meal	Total
Oct-07	167,700	63,125	200	11,950	0	16,725	259,700
Nov-07	480,025	79,250	0	5,525	0	26,025	590,825
Dec-07	556,775	61,077	23,650	6,275	1,025	27,650	676,452
Jan-08	698,975	93,325	8,850	12,275	0	19,650	833,075
Feb-08	610,125	105,540	14,775	8,272	0	24,425	763,137
Mar-08	612,550	136,575	22,975	28,925	0	52,650	853,675
Apr-08	539,175	65,100	1,025	25,225	0	6,975	637,500
May-08	326,875	112,850	0	20,297	0	16,150	476,172
Jun-08	241,508	19,245	0	0	0	23,485	284,238
Oct 07-Jun-08	4,233,708	736,087	71,475	118,744	1,025	213,735	5,374,774
Oct 06-Jun -07	3,110,800	754,075	40,325	223,980	0	235,825	4,365,005
% Change	36	-2	77	-47	---	-9	23

Source: Solvent Extractors' Association of India

¹ Project-Equipment-Commodities Ltd, Minerals Metals Trading Corporation of India, State Trading Corporation of India and National Agricultural Cooperative Marketing Federation of India.

Due to healthy overseas demand especially in Asian and Middle East countries, Post has revised the MY 2007/08 soy meal export forecast up marginally to 4.6 million tons. Peanut meal exports are revised down to 86,000 tons from the earlier estimate of 141,000 tons, due to increased domestic consumption. The MY 2007/08 oilmeal export forecast is revised up from 5.3 million tons to a record 5.5 million tons. The MY 2008/09 oilmeal export forecast is 5.8 million tons.

Policy Development

As per a public notice (136 (RE-2007) 2004-2009 dated March 31, 2008) issued by the Director General of Foreign Trade, exports of soy meal (soy extractions) are entitled to a 'duty credit scrip' (export subsidy) equivalent to 5 percent of the FOB value of exports under the 'Special Agriculture and Village Industry Scheme'. Besides soy meal, other products that enjoy similar benefits are soybean, soy milk drinks (sweetened or flavored) and isolated soy proteins. However, the impact of the subsidy on exports of soy meal is expected to be minimal.

Table 3: Commodity, Meal, Soybean, PSD

Meal, Soybean India	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Oct 2006			Market Year Begin: Oct 2007			Market Year Begin: Jun 2008			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		July	
			Data			Data			Data	
Crush	6615	6615	6615	7978	7928	7928	7460	8755	8755	(1000 MT)
Extr. Rate, 999.9999	1.0	1.0	0.7964	1.0	1.0	0.7877	1.0		0.78	(PERCENT)
Beginning Stocks	314	314	314	176	176	176	175	120	121	(1000 MT)
Production	5268	5268	5268	6354	6245	6245	5955	6829	6829	(1000 MT)
MY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	5582	5582	5582	6530	6421	6421	6130	6949	6950	(1000 MT)
MY Exports	3461	3361	3361	4310	4371	4600	3750	4507	4800	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Cons.	210	210	210	220	230	200	230	240	210	(1000 MT)
Feed Waste Dom. Cons.	1735	1835	1835	1825	1700	1500	1968	1950	1750	(1000 MT)
Total Dom. Cons.	1945	2045	2045	2045	1930	1700	2198	2190	1960	(1000 MT)
Ending Stocks	176	176	176	175	120	121	182	252	190	(1000 MT)
Total Distribution	5582	5582	5582	6530	6421	6421	6130	6949	6950	(1000 MT)
CY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exports	3600	3600	3600	4000	3600	3800	3700	4236	4236	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
SME	1945	2045	2045	2045	1930	1700	2198	2190	1960	(1000 MT)

Table 4: Commodity, Oil, Soybean, PSD

Oil, Soybean India	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Oct 2006			Market Year Begin: Oct 2007			Market Year Begin: Jun 2008			
	Annual Data Displayed	New Post		Annual Data Displayed	New Post		Annual Data Displayed	July		
			Data			Data			Data	
Crush	6615	6615	6615	7978	7928	7928	7460	8755	8755	(1000 MT)
Extr. Rate, 999.9999	0.0	0.0	0.1784	0.0	0.0	0.1765	0.0	0.0	0.1794	(PERCENT)
Beginning Stocks	232	232	232	207	207	207	87	276	98	(1000 MT)
Production	1180	1180	1180	1424	1399	1399	1335	1571	1571	(1000 MT)
MY Imports	1403	1403	1403	900	1000	800	850	900	900	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	2815	2815	2815	2531	2606	2406	2272	2747	2569	(1000 MT)
MY Exports	10	10	10	10	10	8	10	12	15	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Cons.	2598	2598	2598	2434	2320	2300	2180	2500	2320	(1000 MT)
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Dom. Cons.	2598	2598	2598	2434	2320	2300	2180	2500	2320	(1000 MT)
Ending Stocks	207	207	207	87	276	98	82	235	234	(1000 MT)
Total Distribution	2815	2815	2815	2531	2606	2406	2272	2747	2569	(1000 MT)
CY Imports	1525	1525	1525	950	1200	1000	900	1100	1000	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exports	16	16	16	15	15	15	15	15	15	(1000 MT)

Table 5: Commodity, Meal, Peanut, PSD

Meal, Peanut India	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Oct 2006			Market Year Begin: Oct 2007			Market Year Begin: Jun 2008			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		July	
			Data			Data			Data	
Crush	3960	3960	3960	4890	4960	4960	5100	5100	5100	(1000 MT)
Extr. Rate, 999.9999	0.0	0.0	0.3914	0.0	0.0	0.3917	0.0	0.0	0.3914	(PERCENT)
Beginning Stocks	0	0	0	0	0	0	0	0	0	(1000 MT)
Production	1550	1550	1550	1915	1943	1943	1997	1996	1996	(1000 MT)
MY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	1550	1550	1550	1915	1943	1943	1997	1996	1996	(1000 MT)
MY Exports	73	55	55	165	141	86	175	165	165	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Cons.	5	5	5	5	15	15	5	15	15	(1000 MT)
Feed Waste Dom. Cons.	1472	1490	1490	1745	1787	1842	1817	1816	1816	(1000 MT)
Total Dom. Cons.	1477	1495	1495	1750	1802	1857	1822	1831	1831	(1000 MT)
Ending Stocks	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Distribution	1550	1550	1550	1915	1943	1943	1997	1996	1996	(1000 MT)
CY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exports	59	50	50	165	45	45	165	50	50	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
SME	1660	1680	1680.38	1967	1787	2087.268	2048	2058	2058.044	(1000 MT)

Table 6: Commodity, Oil, Palm, PSD

Oil, Palm India	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Oct 2006			Market Year Begin: Oct 2007			Market Year Begin: Jun 2008			
	Annual Data Displayed	New Post		Annual Data Displayed	New Post		Annual Data Displayed	July		
			Data			Data			Data	
Area Planted	0	0	0	0	0	0	0	0	0	(1000 HA)
Area Harvested	0	0	0	0	0	0	0	0	0	(1000 HA)
Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Beginning Stocks	20	20	20	100	100	100	65	110	100	(1000 MT)
Production	50	50	50	50	50	50	50	50	50	(1000 MT)
MY Imports	3800	3800	3800	4300	4050	4250	4700	3900	4325	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	3870	3870	3870	4450	4200	4400	4815	4060	4475	(1000 MT)
MY Exports	1	1	1	5	0	0	5	3	3	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Cons.	170	170	170	180	190	190	200	200	200	(1000 MT)
Food Use Dom. Cons.	3599	3599	3599	4200	3900	4110	4525	3785	4200	(1000 MT)
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Dom. Cons.	3769	3769	3769	4380	4090	4300	4725	3985	4400	(1000 MT)
Ending Stocks	100	100	100	65	110	100	85	72	72	(1000 MT)
Total Distribution	3870	3870	3870	4450	4200	4400	4815	4060	4475	(1000 MT)
CY Imports	3800	3800	3800	4150	4000	4200	4900	4000	4000	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exports	2	2	2	0	0	0	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)